10642

AGRICULTURAL COMMODITIES

Agreements Between the
UNITED STATES OF AMERICA
and BANGLADESH

Amending the Agreement
of August 2, 1978

Effected by Exchange of Notes
Signed at Dacca May 11, 1979

And Exchange of Notes
Signed at Dacca June 15, 1979

And Exchange of Notes
Signed at Dacca June 29, 1979

S9.10:

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NOTE BY THE DEPARTMENT OF STATE

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BANGLADESH

Agricultural Commodities

Agreements amending the agreement of August 2, 1978.
Effected by exchange of notes
Signed at Dacca May 11, 1979;
Entered into force May 11, 1979.
And exchange of notes
Signed at Dacca June 15, 1979;
Entered into force June 15, 1979.
And exchange of notes
Signed at Dacca June 22, 1979;
Entered into force June 22, 1979.
And exchange of notes
Signed at Dacca June 29, 1979;
Entered into force June 29, 1979.

The American Chargé d'Affaires to the Bangladesh Joint Secretary, External Resources Division, Ministry of Finance

EMBASSY OF THE
UNITED STATES OF AMERICA

DACCA, May 11, 1979

Dear Mr. Ali:

I refer to the Agreement Between the Government of the United States of America and the Government of the People's Republic of Bangladesh for a Public Law 480 Food for Development (Title III) Program dated August 2, 1978,[1] and propose that the Agreement be amended as follows:

A. PART II, PARTICULAR PROVISIONS:

1. In Item I - Commodity Table - delete existing commodity table in its entirety and insert the following:

"Commodity	Supply Period (U.S. Fiscal Year)	Approx. Quantity (Metric Tons)	Maximum Export Market Value (Millions)
Wheat/Wheat Flour	1978	200,000	$26.0
Wheat/Wheat Flour	1979	400,000	$56.0
Total		600,000	$82.0"

2. In Item III - Usual Market Table - in Import Period column insert "1979" under "1978."

3. In Item V - Self-Help Measures - delete existing self-help measures in their entirety and insert the following which includes changes in paragraphs B, C, D, and E and adds paragraph H;

"A. To implement these self-help measures, the Government of Bangladesh will continue to place special emphasis on actions contributing directly to develop-

[1] TIAS 9389; 30 UST 3205.

ment progress in poor rural areas and enabling the poor to participate actively in increasing agricultural production through small farm agriculture."

"B. To increase domestic production the Government of Bangladesh agrees to: (1) Improve the system for the distribution of agricultural inputs, including expanding the number of fertilizer retail outlets and simplifying purchase procedures to ensure greater accessibility by all farmers; (2) Pursue agricultural research goals which aid to increase and diversify food production; (3) Take effective measures to disseminate agricultural research information through the extension service and by other means to Bangladesh farmers; (4) Strengthen rural institutions and promote participation in agriculture and other productive processes; and (5) Strengthen and expand programs that generate increased purchasing power for the rural and poor people."

"C. To ensure remunerative prices for domestic agricultural production, the Government of Bangladesh also agrees to: (1) Make timely, appropriate and sufficient purchases of foodgrains to maintain foodgrain prices at agreed upon incentive levels; (2) Announce the procurement price for the boro, aus and aman crops prior to the sowing season; (3) Encourage the active participation of private dealers in food procurement; and (4) Limit all foodgrain imports to the minimum necessary to meet the difference between domestic production and total domestic requirements."

"D. To improve planning for agricultural development and the food needs of its population, the Govern-

ment of Bangladesh agrees to develop policy options with respect to the rationalization of agricultural development goals, rural income and employment goals and maintenance of reliable supplies of foodgrains for the urban sector and the society's destitute."

"E. To improve access of poorer segments of the society to food, while increasing the market for domestic food production, the Government of Bangladesh agrees to a gradual shift of the ration system toward the more vulnerable groups, beginning in 1978. This effort will include reducing the subsidy and/or quantity of the ration in the statutory ration areas. The Government of Bangladesh will continue to limit during 1979/80 distributions made under the modified ration system to Class "A" cardholders, except under emergency circumstances. The Government of Bangladesh will limit total ration system offtakes, excluding food for work, in 1979/80 to the 1977/78 level, excluding food for work, except under emergency circumstances."

"F. To protect its food supplies, the Government of Bangladesh agrees to continue to improve and upgrade foodgrain storage and stock management to ensure the effective and economic management of its foodgrain stock and distribution systems."

"G. To assure coordination of food imports, the Government of Bangladesh agrees to provide to the Government of the United States monthly (within 30 days of the close of the month) statistics on its foodgrain stock position (e.g. opening stocks, actual arrivals, actual offtakes, and actual procurement and

closing stocks) and forecasts of future foodgrain stock positions under various agricultural conditions."

"H. The Government of Bangladesh will establish a food planning and monitoring unit chaired by the Minister of Planning and serving as staff to the Cabinet Committee on Food."

4. In Item VI - Economic Development Purposes for which Proceeds Accruing to Importing Country are to be Used - delete paragraph A in its entirety and insert the following:

"A. In Item VI, the proceeds accruing to the Government of Bangladesh from the sale of commodities financed under this Agreement will be used for financing the Food for Development Program identified in Item VII and Annex B. To the extent that such proceeds are not used for financing such purposes under the Title III Program, they may be used to finance the self-help measures set forth in Item V of Part II and for other development activities in the following sectors: agriculture, rural development, population, family planning and health, included in the annual development plans of the Government of Bangladesh."

B. ANNEX A - PL-480 FOOD FOR DEVELOPMENT PROGRAM: Add the following paragraph to Annex A, Item V of the Agreement:

"If agreement is not reached by June 15, 1979 on pricing provisions for rice and wheat and required changes in open market operations and on the required supporting analysis, the Food for Development provisions of the Agreement will no longer apply. In such case, the Government of Bangladesh agrees to make

payments for commodities furnished under this amendment according to the schedule in Part II, Item II of the Agreement of August 2, 1978, and all other provisions of the October 4, 1974 Agreement, as amended, remain valid."

C. ANNEX B - PROGRAM DESCRIPTION:

Delete existing Annex B language in its entirety and substitute Annex B, as amended, which is attached hereto and forms a part of this amendment.[ ]

All other terms and conditions of the August 2, 1978 Title III agreement would remain the same. We propose that this note and your reply concurring therein constitute an agreement between our two Governments effective the date of your note in reply.

Please accept the assurances of my highest consideration.

Mohammed Ali
Joint Secretary
External Resources Division
Ministry of Finance
People's Republic of Bangladesh

[1] Not printed. Available from the Office of Treaty Affairs, Department of State.

The Bangladesh Joint Secretary, External Resources Division, Ministry of Finance to the American Chargé d'Affaires

From: Muhammed Ali
Joint Secretary.

Ministry of ~~Planning~~ Finance
External Resources Division
Government of the People's Republic of Bangladesh
Sher-E-Bangla Nagar
Dacca-15

No. ERD/USA (PL-480)-3/79. DACCA, May 11, 1979.

Dear Mr. Bergesen,

I refer to the Agreement Between the Government of the United States of America and the Government of the People's Republic of Bangladesh for a Public Law 480 Food for Development (Title III) Program dated August 2, 1978, and propose that the Agreement be amended as follows:

A. PART II, PARTICULAR PROVISIONS:

1. In Item I - Commodity Table - delete existing commodity table in its entirety and insert the following:

*Commodity	Supply Period (U.S. Fiscal Year)	Approx. Quantity (Metric Tons)	Maximum Export Market Value (Millions)
Wheat/Wheat Flour	1978	200,000	$ 26.0
Wheat/Wheat Flour	1979	400,000	$ 56.0
Total		600,000	$ 82.0*

2. In Item III - Usual Market Table - in Import Period column insert "1979" under "1978".

3. In Item V - Self-Help Measures - delete existing self-help measures in their entirety and insert the following which includes changes in paragraphs B,C,D, and E and adds paragraph H :

"A To implement these self-help measures, the Government of Bangladesh will continue to place special emphasis on actions contributing directly to development progress in poor rural areas and enabling the poor to participate actively in increasing agricultural production through small farm agriculture."

"B. To increase domestic production the Government of Bangladesh agrees to : (1) Improve the system for the distribution of agricultural inputs, including expanding the number of fertiliser retail outlets and simplifying purchase procedures to ensure greater accessibility by all farmers ; (2) Pursue agricultural research goals which aid to increase and diversify food production ; (3) Take effective measures to disseminate agricultural research information through the extension service and by other means to Bangladesh farmers ; (4) Strengthen rural institutions and promote participation in agriculture and other productive processes ; and (5) Strengthen and expand programs that generate increased purchasing power for the rural and poor people."

"C. To ensure remunerative prices for domestic agricultural production, the Government of Bangladesh also agrees to : (1) Make timely, appropriate and sufficient purchases of foodgrains to maintain foodgrain prices at agreed upon incentive levels ; (2) Announce the procurement price for the boro, aus and aman crops prior to the sowing season ; (3) Encourage the active participation of private dealers in food procurement ; and (4) Limit all foodgrain imports to the minimum necessary to meet the difference between domestic production and total domestic requirements."

"D. To improve planning for agricultural development and the food needs of its population, the Government of Bangladesh agrees to develop policy options with respect to the rationalization of agricultural development goals, rural income and employment goals and maintenance of reliable supplies of foodgrains for the urban sector and the society's destitute."

"E. To improve access of poorer segments of the society to food, while increasing the market for domestic food production, the Government of Bangladesh agrees to a gradual shift of the ration system toward the more vulnerable groups, beginning in 1978. This effort will include reducing the subsidy and/or quantity of the ration in the statutory ration areas. The Government of Bangladesh will continue to limit during 1979/80 distributions made under the modified ration system to Class "A" cardholders, except under emergency circumstances. The Government of Bangladesh will limit total ration system offtakes, excluding food for work, in 1979/80 to the 1977/78 level, excluding food for work, except under emergency circumstances."

"F. To protect its food supplies, the Government of Bangladesh agrees to continue to improve and upgrade foodgrain storage and stock management to ensure the effective and economic management of its foodgrain stock and distribution system."

"G. To assure coordination of food imports, the Government of Bangladesh agrees to provide to the Government of the United States monthly (within 30 days of the close of the month) statistics on its foodgrain stock position (e.g. opening stocks, actual arrivals, actual offtakes, and actual procurement and closing stocks) and forecasts of future foodgrain stock positions under various agricultural conditions."

"H. The Government of Bangladesh will establish a food planning and monitoring unit chaired by the Minister of Planning and serving as staff to the Cabinet Committee on Food".

4. In Item VI - Economic Development Purposes for which Proceeds Accruing to Importing Country are to be Used - delete paragraph A in its entirety and insert the following :

"A. In Item VI, the proceeds accruing to the Government of Bangladesh from the sale of commodities financed under this

Agreement will be used for financing the Food for Development Program identified in Item VII and Annex B. To the extent that such proceeds are not used for financing such purposes under the Title III Program, they may be used to finance the self-help measures set forth in Item V of Part II and for other development activities in the following sectors: agriculture, rural development, population, family planning and health, included in the annual development plans of the Government of Bangladesh."

B. ANNEX A -PL - 480 FOOD FOR DEVELOPMENT PROGRAM:

Add the following paragraph to Annex A, Item V of the Agreement:

"If agreement is not reached by June 15, 1979 on pricing provisions for rice and wheat and required[1] supporting analysis, the Food for Development provisions of the Agreement will no longer apply. In such case, the Government of Bangladesh agrees to make payments for commodities furnished under this amendment according to the schedule in Part II, Item II of the Agreement of August 2, 1978, and all other provisions of the October 4, 1974 Agreement, as amended, remain valid."

C. ANNEX B - PROGRAM DESCRIPTION:

Delete existing Annex B language in its entirety and substitute Annex B, as amended, which is attached hereto and forms a part of this amendment.

All other terms and conditions of the August 2, 1978 Title III agreement would remain the same. Your note of May 11, 1979 and this reply concurring to the proposals made therein constitute an agreement between our two Governments effective this date.

Please accept the assurances of my highest consideration.

Yours Sincerely,

Muhammad Ali

(Muhammed Ali) 11.5.79.

Mr. Alf E. Bergesen,
Charge d' Affairs
Embassy of the United States of America
Adamjee Court, Motijheel C/A,
Dacca.

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[1] Should read "wheat and required changes in open market operations and on the required".

The Acting Director of the United States Agency for International Development to the Bangladesh Joint Secretary, External Resources Division, Ministry of Finance

EMBASSY OF THE
UNITED STATES OF AMERICA

DACCA, June 15, 1979

Dear Mr. Ali:

I have the honor to refer to the PL 480 Food for Development (Title III) Agreement signed by representatives of our two Governments on August 2, 1978, as amended May 11, 1979, and propose the Agreement be further amended as follows:

"If agreement is not reached by June 22, 1979 on pricing provisions for rice and wheat and required changes in open market operations and on the required supporting analysis, the Food for Development provisions of the Agreement will no longer apply."

All other terms and conditions of the August 2, 1978 Agreement, as amended May 11, 1979, would remain the same. We propose that this note and your reply concurring therein constitute agreement between our two Governments effective the date of your note in reply.

Please accept the assurances of my highest consideration.

Richard C. Feld

Mohammed Ali
Joint Secretary
External Resources Division
Ministry of Finance
People's Republic of Bangladesh

The Bangladesh Joint Secretary, External Resources Division, Ministry of Finance, to the Acting Director of the United States Agency for International Development

Ministry of Finance
External Resources Division
Government of the People's Republic of Bangladesh
Sher-E-Bangla Nagar
Dacca-15

DACCA, June 15, 1979

Dear Mr. Podol:

I have the honor to refer to the PL 480 Food for Development (Title III) Agreement signed by representatives of our two Governments on August 2, 1978, as amended May 11, 1979, and propose the Agreement be further amended as follows:

"If agreement is not reached by June 22, 1979 on pricing provisions for rice and wheat and required changes in open market operations and on the required supporting analysis, the Food for Development provisions of the Agreement will no longer apply."

All other terms and conditions of the August 2, 1978 Agreement, as amended May 11, 1979, would remain the same. We propose that this note and your reply concurring therein constitute agreement between our two Governments effective the date of your note in reply.

Please accept the assurances of my highest consideration.

Muhammad Ali

Richard L. Podol
Acting Director
United States Agency for
International Development
Embassy of the United States of America
Dacca, Bangladesh

The Acting Director of the United States Agency for International Development to the Bangladesh Joint Secretary, External Resources Division, Ministry of Finance

EMBASSY OF THE
UNITED STATES OF AMERICA

DACCA, June 22, 1979

Dear Mr. Ali:

I have the honor to refer to the PL 480 Food for Development (Title III) Agreement signed by representatives of our two Governments on August 2, 1978, as amended May 11, 1979 and June 15, 1979, and propose the Agreement be further amended as follows:

"If agreement is not reached by June 29, 1979 on pricing provisions for rice and wheat and required changes in open market operations and on the required supporting analysis, the Food for Development provisions of the Agreement will no longer apply."

All other terms and conditions of the August 2, 1978 Agreement, as amended, would remain the same. We propose that this note and your reply concurring therein constitute agreement between our two Governments effective the date of your note in reply.

Please accept the assurances of my highest consideration.

Mohammed Ali
Joint Secretary
External Resources Division
Ministry of Finance
People's Republic of Bangladesh

The Bangladesh Joint Secretary, External Resources Division, Ministry of Finance, to the Acting Director of the United States Agency for International Development

Ministry of Finance
External Resources Division
Government of the People's Republic of Bangladesh
Sher-E-Bangla Nagar
Dacca-15

DACCA, June 22, 1979

Dear Mr. Podol:

I have the honor to refer to the PL 480 Food for Development (Title III) Agreement signed by representatives of our two Governments on August 2, 1978, as amended May 11, 1979 and June 15, 1979, and propose the Agreement be further amended as follows:

"If agreement is not reached by June 29, 1979 on pricing provisions for rice and wheat and required changes in open market operations and on the required supporting analysis, the Food for Development provisions of the Agreement will no longer apply."

All other terms and conditions of the August 2, 1978 Agreement, as amended, would remain the same. We propose that this note and your reply concurring therein constitute agreement between our two Governments effective the date of your note in reply.

Please accept the assurances of my highest consideration.

Muhammad Ali.

Richard L. Podol
Acting Director
United States Agency for
International Development
Embassy of the United States of America
Dacca, Bangladesh

The Acting Director of the United States Agency for International Development to the Bangladesh Joint Secretary, External Resources Division, Ministry of Finance

EMBASSY OF
THE UNITED STATES OF AMERICA

DACCA, June 29, 1979

Dear Mr. Ali:

I have the honor to refer to PL 480 Food for Development (Title III) Agreement signed by representatives of our two Governments on August 2, 1978, as amended May 11, June 15, and June 22, 1979, and propose that the Agreement be further amended as follows:

In the Agreed Minutes of negotiations to the May 11, 1979 Amendment to the PL 480 Food for Development Program (Title III), as amended June 15, 1979 and June 22, 1979, on page 14 following the last sentence in Item 10 (Price of Wheat in Open Market Sales and Other Prices) ending with "implementation of the price package", insert the following:

"Following an analysis of the costs of production and price data covering procurement of rice and wheat, the ration issue price of rice and wheat, the OMS wholesale price of wheat, the target ceiling price within which coarse rice prices are to be constrained and the trigger price which would initiate OMS operations, BDG officials in Letter D.O. No. ERD/USA (PL-480) - 3/79 dated June 15, 1979 agreed with USG officials on the internal procurement price of paddy, rice and wheat for 1979/80 as follows:

	Paddy	Rice	Wheat
Before Transportation Bonus	96	154	93
With Transportation Bonus	100	158	97

"BDG officials also agreed with USG officials on other prices as follows:

	Rice	Wheat
Trigger Price	172	
Target Ceiling Price	184	
OMS Selling Price		87
Ration Price	120	90

"The above ration price is the price announced May 19, 1979. This is a minimum ration price. The USG representatives indicated they expected it would increase on the basis of the BDG's Letter D.O. No. ERD/USA (PL-480) - 3/79 dated June 15, 1979 which stated that 'The Government will decide the ration price of rice and wheat shortly, keeping in view the higher procurement price. According to our preliminary estimates the ration prices may in fact be higher than the level indicated by you so as to be consistent with the higher procurement price.'

"BDG officials also agreed to announce procurement price increases by the end of the first week in July 1979 prior to the planting of the aman crop. In addition, BDG and USG officials agreed to the following changes in the open market sales system: (1) The OMS ceiling price will be set at Tk 100 per maund. (2) The Ministry of Food will provide allocations for OMS wheat at least equal to those for Modified Rationing (MR). Further, it will instruct its subdivisional controllers to (a) give equal priority to OMS in their operations, and (b) make every effort to

see that OMS offtakes at least match MR offtakes.

(3) Sales to flour millers under OMS will in no month in any subdivision exceed 20 percent of total offtakes under OMS for the month."

All other terms and conditions of the August 2, 1978 Agreement, as amended, would remain the same. We propose that this note and your reply concurring therein constitute agreement between our two Governments effective the date of your note in reply.

Please accept the assurances of my highest consideration.

Mohammed Ali
Joint Secretary
External Resources Division
Ministry of Finance
People's Republic of Bangladesh

The Bangladesh Joint Secretary, External Resources Division, Ministry of Finance, to the Acting Director of the United States Agency for International Development

Ministry of Finance
External Resources Division
Government of the People's Republic of Bangladesh
Sher-E-Bangla Nagar
Dacca-15

DACCA, June 29, 1979

Dear Mr. Pedol,

I have the honor to refer to PL 480 Food for Development (Title III) Agreement signed by representatives of our two Governments on August 2, 1978, as amended May 11, June 15, and June 22, 1979, and propose that the Agreement be further amended as follows:

In the Agreed Minutes of negotiations to the May 11, 1979 Amendment to the PL 480 Food for Development Program (Title III), as amended June 15, 1979 and June 22, 1979, on page 14 following the last sentance in Item 10 (Price of Wheat in Open Market Sales and Other Prices) ending with "implementation of the price package", insert the following:

"Following an analysis of the cost of production and price data covering procurement of rice and wheat, the ration issue price of rice and wheat, the OMS wholesale price of wheat, the target ceiling price within which coarse rice prices are to be constrained and the trigger price which would initiate OMS operations, BDG officials in letter No.ERD/USA(PL 480)-3/79 dated June 15, 1979 agreed with USG officials on the internal procurement price of paddy, rice and wheat for 1979/80 as follows:

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representatives indicated they expected it would increase on the basis of the BLG's letter No.ERD/USA(PL 480)-3/79 dated June 15, 1979 which stated that " The Government will decide the ration price of rice and wheat shortly keeping in view the higher procurement price. According to our preliminary estimates the ration prices may in fact be higher than the level indicated by you so as to be consistent with the higher procurement price."

"BDG officials also agreed to announce procurement price increases by the end of the first week in July 1979 prior to the planting of the aman crop. In addition, BDG and USG officials agreed to the following changes in the open market sales system:

(1) The OMS ceiling price will be set at Tk 100 per maund. (2) The Ministry of Food will provide allocations for OMS wheat at least equal to those for Modified Rationing (MR). Further, it will instruct its subdivisional controllers to (a) give equal priority to OMS in their operations, and (b) make every effort to see that OMS offtakes at least match MR offtakes. (3) Sales to flour millers under OMS will in no month in any subdivision exceed 20 percent of total offtakes under OMS for that month."

All other terms and conditions of the August 2, 1978 Agreement, as amended, would remain the same. We propose that your note of June 29, 1979 and this note concurring therein constitute agreement between our two Governments effective this date, the 29th of June, 1979.

Please accept the assurances of my highest consideration.

Muhammad A.G.

Mr.Richard L.Podol,
Acting Director,USAID,
Hotel Purbani,
Motijheel Commercial Area,
Dacca.

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